

BRADLEY COUNTY "911"
EMERGENCY COMMUNICATIONS DISTRICT

AUDIT REPORT

TWELVE MONTHS ENDED JUNE 30, 2017

BRADLEY COUNTY "911"
EMERGENCY COMMUNICATIONS DISTRICT

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June 30, 2017

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BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF BOARD OF DIRECTORS AND MANAGEMENT
June 30, 2017

Troy Spence, Chairman

Tom Rowland, Vice Chairman

David Benton, Treasurer

Troy Maney, Secretary

Gary Davis, Member

Shawn Fairbanks, Member

Joe Fivas, Member

Terry Forshee, Member

Mark Gibson, Member

Ron Harrison, Member

Rusty McMahan, Member

Johnny Stokes, Member

Eric Watson, Member

HARTING, BISHOP & ARRENDALE, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

KELVIN W. BISHOP, CPA
THOMAS H. ARRENDALE, CPA, MBA
JANICE L. HAYES, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bradley County "911" Emergency
Communications District

Report on the Financial Statements

We have audited the accompanying financial statements Bradley County "911" Emergency Communications District as of and for the year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bradley County "911" Emergency Communications District, as of June 30, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6, schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS on page 25, schedule of contributions based on participation in the public employee pension plan of TCRS on page 26, and the schedule of postemployment benefits funding progress on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2017, on our consideration of the Bradley County "911" Emergency Communications District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


Harting, Bishop & Arrendale, PLLC

Cleveland, Tennessee

October 10, 2017

Bradley County 911 Communications Center

Joe Wilson
Director

Management's Discussion and Analysis

Our discussion and analysis of the Bradley County 911 Emergency Communications District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. This should be read in conjunction with the District's financial statements, which may be found elsewhere in this document.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and statement of revenues, expenses and changes in net position provide information about the activities of the District as a whole and present an overview of the District's finances.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any entity's finances is: "How did the District do financially this year?" The statement of net position and statement of revenues, expenses and changes in net position report information in a way that helps answer this question. These statements include all assets and liabilities using accrual basis accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. Net position - the difference between assets and liabilities -- is one way to measure the District's financial health, or its financial position. Over time, increases or decreases to the District's net position are an indicator of whether its financial health is improving or deteriorating. An analysis of net position and changes in net position is as follows:

	<u>2017</u>	<u>2016</u>
Net Position		
Current assets	\$ 3,172,293	\$ 2,948,967
Capital assets	<u>794,862</u>	<u>440,561</u>
Total assets	<u>3,967,155</u>	<u>3,389,528</u>
Deferred outflows of resources	<u>186,504</u>	<u>189,626</u>
Current liabilities	(132,896)	(141,709)
Long-term liabilities	<u>(916,773)</u>	<u>(785,516)</u>
Total liabilities	<u>(1,049,669)</u>	<u>(927,225)</u>
Deferred inflows of resources	<u>(66,294)</u>	<u>(100,740)</u>
Net Position	<u>\$ 3,037,696</u>	<u>\$ 2,551,189</u>
Summary of net position		
Investment in capital assets	794,862	440,561
Restricted for other purposes	67,595	89,448
Unrestricted	<u>2,175,239</u>	<u>2,021,180</u>
Total Net Position	<u>\$ 3,037,696</u>	<u>\$ 2,551,189</u>
Change in Net Position		
Operating revenues	\$ 1,425,142	\$ 1,366,129
Operating expenses	<u>2,315,404</u>	<u>2,332,147</u>
Operating loss	(890,262)	(966,018)
Non-operating income	<u>1,376,769</u>	<u>905,696</u>
Change in Net Position	486,507	(60,322)
Net Position - beginning	<u>2,551,189</u>	<u>2,611,511</u>
Net Position - ending	<u>\$ 3,037,696</u>	<u>\$ 2,551,189</u>

Analysis of Financial Position and Results of Operations

The District's net position has increased by \$486,507 over the previous year. Operating revenue increased 4.3% due to an increase in TECB funding received. Operating expenses decreased 0.7% due to no impact payment during the year.

The District's Net Position

The District completed the year with net position of \$3,037,696, an increase of \$486,507 over the previous year.

Budgetary Highlights

In order to prevent budget overruns, the final budget was amended. The significant changes were to overtime, small equipment, maintenance and repair, and retirement expenses.

Capital Assets

At the end of the accounting period, the District had \$794,862 in capital assets such as communication and office equipment, furniture and fixtures and building and improvements. This amount represents an increase of \$354,301 or 80.4%. This increase is due to the purchase of capital assets to replace aging equipment at the District.

Financial Activity and Plans for Future Needs

The 911 center improved its data management and storage this year. Using the city's robust fiber network and our migration to virtual servers, we have mirrored servers for all 911 operations offsite. In the near future we will have all data, from voice recordings to CAD history and mapping data, stored on multiple servers onsite and at a remote location downtown.

The 911 center purchased a new logger/recorder system from NICE. This system enables us to document and store all forms of communications including radio/phone conversations, texting to 911, faxes and even captures CAD screens in the dispatch room. It stores recordings on two separate servers in the 911 center, and also on two servers at the backup center, when completed.

Work began on our backup 911 center which will be located inside the Cleveland Police Department. It will feature six dispatch positions and the ability to act as a stand-alone facility, or as an overflow annex for the primary center. The backup uses identical operating systems and software so telecommunicators will have no learning curve. The backup center is expected to be operational in the Fall of 2017.

Our CAD vendor, VisionAIR, was acquired by a larger vendor, TriTech, several years ago. We have been concerned about the remaining shelf life of the VisionAIR suite of products. In that regard, we have been talking to TriTech about changing to a new CAD. This is a major project and will take quite some time to implement. However, the new CAD offers superior capability and reduction in dispatcher workload, so we will continue to discuss this matter into the upcoming fiscal year.

Joseph B. Wilson, Jr.
Director

FINANCIAL SECTION

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,823,723
Certificates of deposit	250,000
Accounts receivable - state reimbursement	28,562
Accounts receivable - other	1,065
Accrued interest receivable	730
Prepaid expense	618
Net pension asset	<u>67,595</u>
Total Current Assets	<u>3,172,293</u>

Capital Assets

Buildings and Improvements	87,906
Communications equipment	2,093,421
Furniture and fixtures	156,302
Leasehold improvements	40,877
Office equipment	<u>74,626</u>
Total Capital Assets	2,453,132
Accumulated Depreciation	<u>(1,658,270)</u>
Capital Assets, net	<u>794,862</u>
Total Assets	<u>3,967,155</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension changes in experience	22,446
Pension changes in investment earnings	83,417
Pension contributions after measurement date	<u>80,641</u>
Total Deferred Outflows of Resources	<u>186,504</u>

Total Assets and Deferred Outflows of Resources \$ 4,153,659

LIABILITIES

Current Liabilities

Accounts payable	\$ 7,077
Accrued payroll	56,040
Compensated absences	<u>69,779</u>
Total Current Liabilities	132,896

Long-term Liabilities

Postemployment benefits obligations	<u>916,773</u>
Total Liabilities	<u>1,049,669</u>

DEFERRED INFLOWS OF RESOURCES

Pension changes in experience	<u>66,294</u>
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NET POSITION

Investment in capital assets	794,862
Restricted for other purposes	67,595
Unrestricted	<u>2,175,239</u>
Total Net Position	<u>3,037,696</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position \$ 4,153,659

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2017

OPERATING REVENUES

TECB distribution of 911 surcharges (base amount)	\$ 1,292,694
TECB distribution of excess revenue	84,278
Tower rental income	30,300
Cleveland State income	17,604
Miscellaneous income	266
Total Operating Revenues	<u>1,425,142</u>

OPERATING EXPENSES

Salaries and Wages	
Director	83,253
Administrative personnel	129,923
Assistant director	58,014
Dispatchers/telecommunicators/call takers	617,076
Dispatch supervisor personnel	127,900
Mapping/address personnel	34,360
NCIC personnel	42,398
Overtime	85,987
Bonuses	2,707
Supplemental pay	5,297
Longevity pay	18,150
Sold vacation pay	16,315
College pay	750
Total Salaries and Wages	<u>1,222,130</u>

Employee Benefits	
Social security	73,480
Medicare	17,185
Life insurance	11,718
Medical insurance	138,544
Dental insurance	11,122
Vision Insurance	3,006
Retirement/pension expense	71,170
Postemployment health benefit expense	131,257
Other postemployment benefits	14,885
Laundry and dry cleaning	668
Flexible spending program	2,411
Total Employee Benefits	<u>475,446</u>

(Continued on next page)

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2017

(continued from previous page)

Contracted Services

Actuarial services	3,000
Audit services	9,000
Contracts for language interpreting	435
Fees paid to service providers	61,729
Janitorial services	8,249
Legal services	9,385
Maintenance agreements	73,315
NCIC/TBI/TIES expenses	1,680
Printing	474
Computer system administration	129,469
Radio maintenance	<u>6,000</u>
Total Contracted Services	<u>302,736</u>

Supplies, Materials and Maintenance

Office supplies	5,589
Janitorial supplies	3,888
Postage	475
Equipment purchases not capitalized	12,879
Uniforms and shirts	5,071
Utilities - electric	17,919
Utilities - general telephone	24,613
Utilities - cell phone and pagers	13,177
Maintenance and repairs - communications equipment	8,675
Maintenance and repairs - buildings and facilities	10,041
Maintenance and repairs - office equipment	4,653
Breakroom supplies	3,843
Safety supplies	777
Miscellaneous expense	<u>1,541</u>
Total Supplies and Materials	<u>113,141</u>

(Continued on next page)

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2017

(continued from previous page)

Other Charges

Dues and memberships	3,941
Employee testing and exams	4,931
Insurance - workers compensation	2,055
Insurance - liability	7,665
Insurance - buildings and content	4,364
Insurance - equipment	6,713
Insurance - vehicles	483
Premiums on surety bonds	2,700
Service awards	843
Training expense	11,060
Travel expenses	29,575
Certification expenses	1,065
Advertising	736
Work sessions	1,049
Total Other Charges	<u>77,180</u>

Depreciation

Depreciation expense	<u>124,771</u>
Total Depreciation	<u>124,771</u>
Total Operating Expenses	<u>2,315,404</u>

Operating Loss	<u>(890,262)</u>
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NON-OPERATING REVENUES (EXPENSES)

Interest income	5,244
Contributions from primary government	1,100,000
Contributions from other governments/agencies	11,090
TECB - reimbursements and/or grants	287,133
Loss on disposal of property	<u>(26,698)</u>
Non-Operating Revenue (Expenses)	<u>1,376,769</u>

Change in Net Position	486,507
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Net Position, beginning	<u>2,551,189</u>
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Net Position, ending	<u>\$ 3,037,696</u>
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The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017

Cash Flows from Operating Activities	
Cash received from surcharges and other revenues	\$ 1,425,142
Cash payments to suppliers for goods and services	(504,100)
Cash payments for payroll, taxes and related benefits	<u>(1,573,198)</u>
Net Cash Used by Operating Activities	<u>(652,156)</u>
Cash Flows from Noncapital Financial Activities	
Contributions from primary government	1,100,000
Contributions from other governments	11,090
TECB - reimbursements and/or grants	<u>258,571</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,369,661</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	<u>(505,770)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(505,770)</u>
Cash Flows from Investing Activities	
Purchase of certificate of deposit	(118,636)
Interest income received	<u>4,741</u>
Net Cash Used by Investing Activities	<u>(113,895)</u>
Net Increase in Cash and Cash Equivalents	97,840
Cash and Cash Equivalents at Beginning of Year	<u>2,725,883</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,823,723</u>

(Continued on next page)

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017

Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities	
Operating loss	\$ (890,262)
Adjustments to reconcile net income (loss) to net cash	
provided (used) by operating activities	
Depreciation expense	124,771
Change in assets and liabilities:	
Decrease in receivables	321
Decrease in prepaid expenses	41
Decrease in net pension asset	21,853
Decrease in deferred outflows	3,122
Decrease in accounts payable	(11,405)
Decrease in TCRS payable	(7,043)
Increase in accrued payroll	8,402
Increase in compensated absences	1,233
Increase in postemployment health benefit liabilities	131,257
Decrease in deferred inflows	<u>(34,446)</u>
Net Cash Used by Operating Activities	<u>\$ (652,156)</u>

The accompanying notes are an integral part of this financial statement.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 – General Information

Public Chapter No. 867 of the 1984 Tennessee Public Acts ("The Emergency Communications District Law") was enacted to establish local emergency telephone services; to provide for the funding of such services and such district; and to provide for the levying of a telephone service charge. On July 1, 2001, the Cleveland/Bradley Communications Center and the Bradley County "911" Emergency Communications District, each originally created to serve such functions, merged to form one emergency communication entity. The District is an agency of the City of Cleveland, the City of Charleston, and Bradley County, Tennessee, from which it receives additional revenues.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

The District is a governmental unit, subject to accounting directives issued by the Governmental Accounting Standards Board (GASB), and anticipates recovering the cost of its services in a manner similar to a private business enterprise. Therefore, the District uses the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of timing of related cash flows. Operating revenues are those that result from the activities of the District, including telephone service charges, expense reimbursements, and grants for operations. Revenue from other sources is considered non-operating.

Cash and Cash Equivalents

Cash and cash equivalents are highly liquid investments which have original maturities of three months or less.

Use of Restricted Assets

It is the District's policy to first use restricted resources prior to the use of unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Capital Assets

Expenditures for capital assets are recorded at historical cost. Capital assets are depreciated using the straight-line method. The District generally capitalizes assets with a cost of \$500 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in non-operating revenues / (expenses).

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	7-25
Furniture and fixtures	5-25
Office Equipment	5-10
Communication equipment	5-10
Leasehold improvements	7-20

Joint Venture

Bradley County "911" Emergency Communications District is a joint venture between Bradley County, Tennessee and the Cities of Cleveland and Charleston, Tennessee. The District assists emergency service agencies in the saving of lives, protection of property, and swift apprehension of criminals for all citizens of Bradley County. The board consists of ten ex-officio members including: the County Mayor, the City of Cleveland Mayor, the City of Charleston Police Chief, the County Sheriff, the Cleveland Police Chief, the Cleveland Fire Chief, the Director of Emergency Medical Services, the Director of the Emergency Management Agency, Cleveland City Manager and Bradley County Fire Chief, along with three persons appointed by the County Mayor with the approval of the County Commission and the City of Cleveland Council.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the District. Up to thirty days vacation may be carried forward into the following calendar year. Any excess accumulated vacation days are converted to sick leave. Each employee also has the option annually to convert up to 5 unused vacation days to cash. Employees are entitled to their accrued vacation leave upon termination of service. Compensated absences are reported as accrued in the District's financial statements.

Budgets and Budgetary Accounting

The District's Board approves an annual budget based upon anticipated revenues and estimated operating expenses. In accordance with the level of control established by the Tennessee Comptroller of the Treasury, operating expenses may not exceed the amount budgeted in each line item. Budgeted expenses may be amended, as needed, to meet changing needs.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Bradley County "911" Emergency Communications District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 – Cash on Deposit

The treasurer of the District is responsible for receiving, disbursing, depositing and investing the District's funds. The District's policy related to deposits and investment risk is to invest in certificates of deposit usually with a maturity of three years or less. The District's policy is designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws. All deposits with a bank or other financial institution shall be secured by collateral or in a collateral pool as allowed by state statutes. As of June 30, 2017 all deposits with financial institutions were secured by collateral or by State of Tennessee Bank collateral pool.

A schedule of cash and investments classified by category of credit risk at June 30, 2017 is as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash, insured by Federal Depository Insurance (FDIC)	\$ 250,000	\$ 250,000
Cash, collateralized by the State of TN		
Bank Collateral Pool	2,573,673	2,897,145
Certificates of Deposit, insured by FDIC	250,000	250,000
Petty Cash	50	-
Total	<u>\$ 3,073,723</u>	<u>\$ 3,397,145</u>

NOTE 4 – Capital Assets

The following is a schedule of changes to capital assets:

	<u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>
Buildings and improvements	\$ 51,647	\$ 42,571	\$ (6,312)	\$ 87,906
Communications equipment	1,788,279	463,199	(158,057)	2,093,421
Furniture and fixtures	156,302	-	-	156,302
Leasehold improvements	40,877	-	-	40,877
Office equipment	76,118	-	(1,492)	74,626
Total	<u>\$ 2,113,223</u>	<u>\$ 505,770</u>	<u>\$ (165,861)</u>	<u>\$ 2,453,132</u>

	<u>Accumulated Depreciation June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Accumulated Depreciation June 30, 2017</u>
Buildings and improvements	\$ 21,866	\$ 4,719	\$ (4,787)	\$ 21,798
Communications equipment	1,421,472	105,649	(132,883)	1,394,238
Furniture and fixtures	121,206	12,050	-	133,256
Leasehold improvements	40,877	-	-	40,877
Office equipment	67,241	2,353	(1,493)	68,101
Total	<u>\$ 1,672,662</u>	<u>\$ 124,771</u>	<u>\$ (139,163)</u>	<u>\$ 1,658,270</u>

Provision for depreciation totaled \$124,771 for the year ended June 30, 2017.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 – Risk Management - Claims and Insurance

Significant losses are covered by commercial insurance for property, liability, and employee dishonesty. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current or the three prior years.

NOTE 6 – Lease Commitments

The District leases the land on which the communications center is located from Cleveland Utilities. The lease agreement provides that the annual rental shall be in the amount of \$1 per year payable in advance. The term of the lease, dated October 25, 2016, is for a period of twenty years. The District has the option to renew the lease for an additional period of twenty years under the same terms and conditions.

NOTE 7 – Retirement Plan

General Information about the Pension Plan

Plan Description - Employees of Bradley County "911" Emergency Communications District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided - Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 – Retirement Plan (continued)

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	26
Active employees	<u>29</u>
	<u>62</u>

Contributions - Employees do not contribute to the plan. Bradley County "911" Emergency Communications District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2017, employer contributions for Bradley County "911" Emergency Communications District were \$80,641 based on a rate of 6.82% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Bradley County "911" Emergency Communications District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Bradley County "911" Emergency Communications District's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 – Retirement Plan (continued)

Actuarial Assumptions - The total pension liability as of June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 – Retirement Plan (continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Bradley County "911" Emergency Communications District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 – Retirement Plan (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/15	\$ 2,244,182	\$ 2,333,630	\$ (89,448)
Changes for the year:			-
Service cost	69,762	-	69,762
Interest	171,834	-	171,834
Differences between expected and actual experience	(75,765)	-	(75,765)
Contributions - employer	-	83,733	(83,733)
Net investment income	-	62,379	(62,379)
Benefit payments, including refunds of employee contributions	(45,644)	(45,644)	-
Administrative expense	-	(2,134)	2,134
Net changes	<u>120,187</u>	<u>98,334</u>	<u>21,853</u>
Balance at 6/30/16	<u>\$ 2,364,369</u>	<u>\$ 2,431,964</u>	<u>\$ (67,595)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate - The following presents the net pension liability (asset) of Bradley County "911" Emergency Communications District calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1- percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Bradley County "911" Emergency Communications District's net pension liability (asset)	\$ 400,658	\$ (67,595)	\$ (441,495)

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 – Retirement Plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense - For the year ended June 30, 2017, Bradley County "911" Emergency Communications District recognized pension expense of \$71,170.

Deferred outflows of resources and deferred inflows of resources - For the year ended June 30, 2017, Bradley County "911" Emergency Communications District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,446	\$ (66,294)
Net difference between projected and actual earnings on pension plan investments	83,417	-
Contributions subsequent to the measurement date of June 30, 2016	80,641	-
Total	<u>\$ 186,504</u>	<u>\$ (66,294)</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2016," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2018	\$ 3,811
2019	3,811
2020	37,391
2021	17,596
2022	(5,202)
Thereafter	(17,843)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan - At June 30, 2016, Bradley County "911" Emergency Communications District reported no payable for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2017.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 – Postemployment Benefits

Plan Description

The District provides postretirement medical, dental, vision and life insurance benefits to employees who retire from the District with 25 years of service, or age 55 with 10 years of service. Medical benefits are provided using a PPO Network S plan through Blue Cross/Blue Shield, or BCBS Blue Advantage if Medicare eligible. Dental and vision benefits are fully insured through Blue Cross/Blue Shield. Lincoln Life Insurance provides a flat \$10,000 of life insurance benefits. The following schedule applies to employees with over 10 years of service. Additionally, the District will reimburse the \$2,000 deductible to the retiree and the retiree's spouse through an HRA. If the retiree has family coverage, the District will pay half the difference between the cost of the family plan and the cost of the individual plan. There is surviving spouse coverage for up to three years following the death of an employee.

<u>Years of Service At Retirement</u>	<u>Percentage of Premium Paid by Participant</u>
<15	100.00%
15	50.00%
16	46.67%
17	40.33%
18	40.00%
19	36.67%
20	33.33%
21	30.00%
22	26.67%
23	23.33%
24	20.00%
25	16.67%
26	13.33%
27	10.00%
28	6.67%
29	3.33%
30+	0.00%

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 – Postemployment Benefits (continued)

Annual Medical Premiums, effective August 1, 2016 through July 31, 2017:

<u>Annual Medical</u>		<u>Annual Medical</u>		<u>Annual Medical</u>		<u>Annual Medical</u>	
<u>Age</u>	<u>Premiums</u>	<u>Age</u>	<u>Premiums</u>	<u>Age</u>	<u>Premiums</u>	<u>Age</u>	<u>Premiums</u>
<20	\$ 1,634	32	\$ 3,044	44	\$ 3,594	56	\$ 6,002
21	\$ 2,573	33	\$ 3,082	45	\$ 3,715	57	\$ 6,269
22	\$ 2,573	34	\$ 3,123	46	\$ 3,859	58	\$ 6,555
23	\$ 2,573	35	\$ 3,144	47	\$ 4,021	59	\$ 6,696
24	\$ 2,573	36	\$ 3,164	48	\$ 4,206	60	\$ 6,982
25	\$ 2,583	37	\$ 3,185	49	\$ 4,389	61	\$ 7,229
26	\$ 2,634	38	\$ 3,206	50	\$ 4,595	62	\$ 7,391
27	\$ 2,696	39	\$ 3,247	51	\$ 4,798	63	\$ 7,594
28	\$ 2,797	40	\$ 3,288	52	\$ 5,022	64	\$ 7,717
29	\$ 2,879	41	\$ 3,350	53	\$ 5,248	65+	\$ 7,717
30	\$ 2,920	42	\$ 3,409	54	\$ 5,492		
31	\$ 2,982	43	\$ 3,491	55	\$ 5,737		

Effective July 1, 2016 through June 30, 2017: Blue Advantage Plan: \$3,612.

The District pays the same percentage of dental and vision premiums as they do for medical insurance. Effective July 1, 2016 through June 30, 2017, the amounts are as follows:

<u>Type</u>	<u>Employee</u>	<u>Employee + Spouse</u>
Dental	\$ 356	\$ 712
Vision	\$ 96	\$ 172

Funding Policy and Annual OPEB Cost

The District's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's annual OPEB cost for the current year are as follows:

Annual Required Contribution (ARC)	\$154,351
Interest on net OPEB obligation	31,420
Adjust to annual required contribution	<u>(39,305)</u>
Annual OPEB cost (expense)	146,466
Contribution made (assumed middle of year) *	<u>(15,209)</u>
Increase in net OPEB obligation	131,257
Net OPEB obligation – beginning of year	<u>785,516</u>
Net OPEB obligation – end of year	<u>\$916,773</u>

* Contribution made was assumed to equal change in Annual OPEB Cost

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 – Postemployment Benefits (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending 2017 is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/14	\$136,928	9.3%	\$530,523
6/30/15	\$144,276	10.4%	\$659,796
6/30/16	\$139,076	9.6%	\$785,516
6/30/17	\$146,466	10.4%	\$916,773

Funded Status and Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (AAL) ((b-a)/c)</u>
7/1/2015	\$ -	\$ 1,148,452	\$ 1,148,452	0.00%	\$ 1,182,140	97.15%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing the costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00% funding interest rate. The 2015 medical cost trend rate used was 9% with an ultimate medical cost trend rate of 5% projected to be reached in 2019. The annual payroll growth rate is assumed to be 2.5%. The remaining amortization period for the unlimited actuarial accrued liability as of June 30, 2016 is 24.02 years.

REQUIRED SUPPLEMENTARY
INFORMATION

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
June 30, 2017

	2014	2015	2016
Total pension liability			
Service cost	\$ 69,191	\$ 69,044	\$ 69,762
Interest	141,377	156,947	171,834
Changes in benefit terms	-	-	-
Differences between actual & expected experience	25,359	8,795	(75,765)
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(27,967)	(28,385)	(45,644)
Net change in total pension liability	207,960	206,401	120,187
Total pension liability-beginning	1,829,821	2,037,781	2,244,182
Total pension liability-ending (a)	<u>\$ 2,037,781</u>	<u>\$ 2,244,182</u>	<u>\$ 2,364,369</u>
Plan fiduciary net position			
Contributions-employer	\$ 143,940	\$ 80,981	\$ 83,733
Contributions-employee	-	-	-
Net investment income	306,616	68,963	62,379
Benefit payments, including refunds of employee contributions	(27,967)	(28,385)	(45,644)
Administrative expense	(1,060)	(1,553)	(2,134)
Net change in plan fiduciary net position	421,529	120,006	98,334
Plan fiduciary net position-beginning	1,792,095	2,213,624	2,333,630
Plan fiduciary net position-ending (b)	<u>\$ 2,213,624</u>	<u>\$ 2,333,630</u>	<u>\$ 2,431,964</u>
Net Pension Liability (asset)-ending (a) – (b)	<u>\$ (175,843)</u>	<u>\$ (89,448)</u>	<u>\$ (67,595)</u>
Plan fiduciary net position as a percentage of total pension liability	108.63%	103.99%	102.86%
Covered-employee payroll	\$ 1,127,172	\$ 1,153,579	\$ 1,192,784
Net pension liability (asset) as a percentage of covered-employee payroll	-15.60%	-7.75%	-5.67%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively and years will be added to this schedule in future fiscal years until 10 years of information is available.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE
PENSION PLAN OF TCRS
June 30, 2017

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 143,940	\$ 80,981	\$ 83,733	\$ 80,641
Contributions in relation to the				
actuarially determined contribution	<u>143,940</u>	<u>80,981</u>	<u>83,733</u>	<u>80,641</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee payroll	 \$ 1,127,172	 \$ 1,153,579	 \$ 1,192,784	 \$ 1,182,419
Contributions as a percentage covered				
employee payroll	12.77%	7.02%	7.02%	6.82%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively and years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule

Valuation date

Actuarially determined contribution rates for 2017 were calculated based on the July 1, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
 SCHEDULE OF POSTEMPLOYMENT BENEFITS FUNDING PROGRESS
 June 30, 2017

Postemployment Benefits

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (AAL) ((b-a)/c)
7/1/2011	\$ -	\$ 697	\$ 697	0.00%	\$ 1,185	58.82%
7/1/2013	\$ -	\$ 1,063	\$ 1,063	0.00%	\$ 1,144	92.92%
7/1/2015	\$ -	\$ 1,148	\$ 1,148	0.00%	\$ 1,182	97.12%

SUPPLEMENTARY INFORMATION

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance (Over) Under
<u>OPERATING REVENUES</u>			
TECB distribution of 911 surcharges	\$ 1,292,694	\$ 1,292,694	\$ -
TECB distribution of excess revenue	84,278	84,278	-
Tower rental income	30,300	30,300	-
Cleveland State income	17,604	17,604	-
Miscellaneous income	266	266	-
Total Operating Revenues	<u>1,425,142</u>	<u>1,425,142</u>	<u>-</u>
<u>OPERATING EXPENSES</u>			
<u>Salaries and Wages</u>			
Director	83,253	85,000	1,747
Administrative personnel	129,923	130,500	577
Assistant director	58,014	59,000	986
Dispatchers/telecommunicators/call takers	617,076	699,850	82,774
Dispatch supervisor personnel	127,900	128,000	100
Mapping/address personnel	34,360	37,000	2,640
NCIC personnel	42,398	43,000	602
Overtime	85,987	91,500	5,513
Bonuses	2,707	3,500	793
Supplemental pay	5,297	6,000	703
Longevity pay	18,150	18,150	-
Sold vacation pay	16,315	17,500	1,185
College pay	750	750	-
Total Salaries and Wages	<u>1,222,130</u>	<u>1,319,750</u>	<u>97,620</u>
<u>Employee Benefits</u>			
Social security	73,480	83,500	10,020
Medicare	17,185	20,000	2,815
Life insurance	11,718	18,000	6,282
Medical insurance	138,544	183,000	44,456
Dental insurance	11,122	15,500	4,378
Vision insurance	3,006	4,500	1,494
Unemployment compensation	-	1,000	1,000
Retirement/pension expense	71,170	96,500	25,330
Postemployment health benefit expense	131,257	145,000	13,743
Other postemployment benefits	14,885	17,000	2,115
Education reimbursement	-	400	400
Workers compensation claims	-	900	900
Laundry and dry cleaning	668	1,500	832
Employee assistance program	-	1,000	1,000
Flexible spending program	2,411	4,500	2,089
Total Employee Benefits	<u>475,446</u>	<u>592,300</u>	<u>116,854</u>

(Continued on next page)

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance (Over) Under
<u>Contracted Services</u>			
Actuarial services	3,000	3,000	-
Audit services	9,000	9,000	-
Contracts for language interpreting	435	500	65
Fees paid to service providers	61,729	70,000	8,271
Janitorial services	8,249	9,000	752
Legal services	9,385	10,000	615
Maintenance agreements	73,315	74,000	685
NCIC/TBI/TIES expenses	1,680	2,800	1,120
Printing	474	1,000	526
Computer system administration	129,469	137,000	7,531
Radio maintenance	6,000	6,000	-
Total Contracted Services	<u>302,736</u>	<u>322,300</u>	<u>19,564</u>
<u>Supplies and Materials</u>			
Office supplies	5,589	9,000	3,411
Janitorial supplies	3,888	5,000	1,112
Postage	475	800	325
Equipment purchases not capitalized	12,879	108,572	95,693
Uniforms and shirts	5,071	5,100	29
Utilities - electric	17,919	17,200	(719)
Utilities - general telephone	24,613	24,500	(113)
Utilities - cell phone and pagers	13,177	13,700	523
Maintenance and repairs - communications equipment	8,675	8,700	25
Maintenance and repairs - buildings and facilities	10,041	19,450	9,409
Maintenance and repairs - office equipment	4,653	6,000	1,347
Breakroom supplies	3,843	4,300	457
Safety supplies	777	1,500	723
Miscellaneous expense	1,541	3,000	1,459
Total Supplies and Materials	<u>113,141</u>	<u>226,822</u>	<u>113,681</u>

(Continued on next page)

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2017

	Actual (Accrual Basis)	Budget (Accrual Basis)	Variance (Over) Under
<u>Other Charges</u>			
Dues and memberships	3,941	4,000	60
Employee testing and exams	4,931	5,000	69
Insurance - workers compensation	2,055	3,000	945
Insurance - liability	7,665	7,800	135
Insurance - buildings and content	4,364	4,365	1
Insurance - equipment	6,713	6,785	72
Insurance - vehicles	483	500	17
Premiums on surety bonds	2,700	2,900	200
Service awards	843	1,200	357
Training expense	11,060	12,900	1,840
Travel expenses	29,575	29,000	(575)
Certification expenses	1,065	1,100	35
Advertising	736	2,000	1,264
Work sessions	1,049	1,500	451
Total Other Charges	<u>77,180</u>	<u>82,050</u>	<u>4,871</u>
<u>Depreciation</u>			
Depreciation expense	<u>124,771</u>	<u>162,000</u>	<u>37,229</u>
Total Depreciation	<u>124,771</u>	<u>162,000</u>	<u>37,229</u>
Total Operating Expenses	<u>2,315,404</u>	<u>2,705,222</u>	<u>389,818</u>
Operating Loss	<u>(890,262)</u>	<u>(1,280,080)</u>	<u>389,818</u>
<u>NON-OPERATING REVENUES / (EXPENSES)</u>			
Interest income	5,244	4,362	(882)
Contributions from primary government	1,100,000	1,100,000	-
Contributions from other governments/agencies	11,090	11,090	-
TECB - reimbursements and/or grants	287,133	258,572	(28,561)
Loss on disposal of property	<u>(26,698)</u>	<u>-</u>	<u>26,698</u>
Non-Operating Revenue / Expense	<u>1,376,769</u>	<u>1,374,024</u>	<u>(2,745)</u>
Change in Net Position	<u>\$ 486,507</u>	<u>\$ 93,944</u>	<u>\$ 392,563</u>

INTERNAL CONTROL
AND COMPLIANCE SECTION

HARTING, BISHOP & ARRENDALE, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Bradley County "911" Emergency
Communications District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bradley County "911" Emergency Communications District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 10, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bradley County "911" Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Compliance and Other Matters

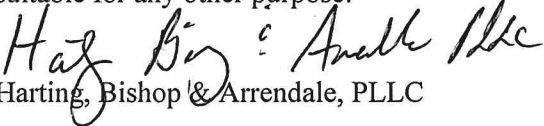
As part of obtaining reasonable assurance about whether the Bradley County "911" Emergency Communications District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2017-001.

The District's Response to Findings

Bradley County "911" Emergency Communications District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Harting, Bishop & Arrendale, PLLC

Cleveland, Tennessee

October 10, 2017

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2017

The findings and responses as a result of the audit of Bradley County "911" Emergency Communications District are presented below. This finding is repeated from the prior year.

2017-001: Budget

Original Finding Number: 2010-001

Condition and Criteria: The District is required to maintain expenditures within budget amounts. Budget line items were over expended.

Effect: District has made expenditures in excess of the amounts budgeted.

Cause: The District had four accounts with expenditures in excess of the budgeted amounts.

Recommendation: We recommend the District maintain the approved budget to ensure expenditures remain within budget.

Management Response: We agree with the auditors' findings and recommendations and have implemented budget procedures to ensure expenditures are budgeted and budgets are properly amended.

BRADLEY COUNTY "911" EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2017

2016-001: Budget

Original Finding Number: 2010-001

Condition and Criteria: The District is required to maintain expenditures within budget amounts. Budget line items were over expended.

Effect: District has made expenditures in excess of the amounts budgeted.

Cause: The District had two accounts that had expenditures in excess of the budgeted amount.

Recommendation: We recommend the District maintain the approved budget to ensure expenditures remain within budget.

Current Status: The finding is repeated for the year ended June 30, 2017.